Advertising Age

© Entire contents copyright 1979 by Crain Communications Inc. All rights reserved.

75¢ a Copy; $30 a Year *The International Newspaper of Marketing* • *In Two Sections. Section 1.* *November 12, 1979*

J&J new products a Sure way to irk P&G

By LOUIS A. FANELLI

NEW YORK—If you want Procter & Gamble lawyers to see red, let them find out you are planning to use the word "sure" in your brand name.

Johnson & Johnson has tried it—twice—and it is about to be slapped with a second trademark infringement suit in federal district court here.

Although embroiled in a year-old trademark suit with P&G over the use of Assure deodorant tampons, J&J plans to test Sure & Natural feminine napkins in Florida within the next three weeks (AA, Nov. 5). P&G lawyers now claim the Sure & Natural name is a further abuse of its "Sure" trademark.

• Cincinnati-based P&G has said the Assure name infringes on its Sure deodorant trademark. In addition, P&G claims it has marketed Sure tampons since 1964, and also has its own Assure mouthwash and shampoo.

Plans to file a second lawsuit came to light last week after Thomas Calder, a P&G lawyer, asked Judge Pierre Leval of the southern district of New York, to incorporate proceedings against J&J's use of the Sure & Natural name into the ongoing Assure trial.

Mr. Calder said he first became aware of J&J's new product from an inquiry by an ADVERTISING AGE editor early this month. He said he didn't believe the report to be true until an item appeared in AA last Monday. A J&J marketing exec, who was being cross-examined by Mr. Calder, confirmed the accuracy of the report.

The trial, which was to be concluded at the end of this week, has been postponed until Dec. 10. P&G lawyers asked for the time to go through a discovery proceeding on J&J's use of the Sure & Natural name.

In response to the planned Sure & Natural introduction, Mr. Calder said, "What started out as one infringement now looks like trademark rape."

Responding to P&G's charges that the Sure & Natural name is an infringement of the Sure mark, a J&J spokesman, in a prepared statement, said, "We do not believe our use of the trademark Sure & Natural for this nondeodorant, ultra-thin, feminine protection product in any way infringes on the rights that P&G has to the Sure trademark as it applies to an antiperspirant."

In its original complaint, P&G alleged that because Assure tampons have deodorant properties, there is

(Continued on Page 105)

EurAm 4 conference in Frankfurt brought together (from left) speaker David Ogilvy of Ogilvy & Mather; Lennart Soderman of ACO Laudemedel, Solna (Sweden); Allan Cederroth, Union Carbide Europe, Geneva; Gunnar Lundgren, Swedish Assn. of Advertising Agencies, Stockholm; Graham Molitor, Public Policy Forecasting, Potomac, Md.; D. Kruidenier and J. Oppenheim, Van Nelle-Lassie, Rotterdam; Nidio Duatre, Johnson & Johnson, Portugal, and Jose Cristo, Uncer, Portugal. *(See meeting coverage Pages 2 and 110.)*

Tough Senate bill would kill many FTC ad cases

By RICHARD L. GORDON

WASHINGTON—The Federal Trade Commission would be limited to regulating only ads that are both false and deceptive under legislation which the chairman of the Senate's consumer subcommittee hopes to push through the Senate before Thanksgiving.

This is only part of the radical surgery proposed in an omnibus FTC revision bill which also wipes out FTC's children's tv ad rulemaking, together with some of FTC's other most controversial projects.

Unveiled by Sen. Wendell Ford (D., Ky.) last week, the change represents a basic departure from existing FTC law by establishing tougher restrictions on FTC's jurisdiction over advertising than over other trade practice situations.

• The present law, amended by the Wheeler-Lea Act of 1939 and the Moss-Magnuson Act of 1975, gives FTC power to act against any unfair or deceptive act or practice, including advertising, in or affecting commerce.

Sen. Ford's plan is to change the basic FTC law and the Moss-Magnuson Act by specifying that ad cases or advertising rules are possible only if there is both deception and falsity.

The new Ford definition of when FTC could act against advertising would wipe out the commission's current power to challenge any ad or advertising practice as "unfair." Such a step, if approved by Congress, could force FTC to remake many of its industrywide rule proposals which rest largely or in part on unfairness allegations. These would include the children's tv ad rule, but also rules proposed for proprietary drug ads, eyeglass ads, vocational school ads and hearing aid sales, to name a few.

• An aide to Sen. Ford said the restrictions reflected the senator's concern that FTC meet tight requirements before regulating constitutionally protected "commercial speech."

He also predicted that neither FTC nor its critics would be happy with his approach. He was right.

FTC chairman Michael Pertschuk expressed doubt that his agency could protect consumers or insure fair competition under the Ford formula. But William Hesse, Washington vp of the American Assn. of Advertising Agencies, said he was deeply disappointed that the senator refused to endorse the FTC reform backed by Four A's and some other business groups: The one-house congressional veto

(Continued on Page 105)

last minute news

CBS reportedly buying 'Family Weekly'

NEW YORK—CBS would neither confirm nor deny that it is negotiating to buy *Family Weekly*, but sources say the deal is all but set with a purchase price of $54,000,000. The newspaper supplement reportedly turned down an earlier offer from a major newspaper chain. *Family Weekly* execs were unavailable for comment.

McClure named Ford division ad director

DETROIT—Douglas T. McClure has been named ad director at Ford Motor's Ford division, succeeding Ray Ablondi, who became director of the marketing research office, corporate marketing staff. Succeeding Mr. McClure as division merchandising manager is Terry L. Davis, formerly special [illegible] sales group.

NEWSPAPER
AA MAR 80
DC2001 4CNGLIHSENR 94187 92001I R HAGERMAN
CONGRESSIONAL INFO SERVICE
7101 WISCONSIN AVE
WASHINGTON DC 20014

EurAm nears — Page 2

Coke $$ up; food unit active

By NANCY GIGES

ATLANTA—Coca-Cola Co. promises to increase emphasis on its flagship brand in the U.S. to boost Coke's performance in the take-home market, and at the same time it plans to conduct a variety of new programs for other soft drinks and products of its foods division.

Company officials discussed these plans at a meeting with financial analysts here last week. Highlights of the meeting were:

• Media spending worldwide will be 20% to 30% higher this year than last year, which showed a 47% hike over 1977. Expenditures next year will be up between 10% and 20% in the U.S. for soft drinks.

• Early indications show that awareness of the new Coke "smile" campaign is the highest in more than four years.

• Six senior officers have been named vice-chairmen, and the office of the president, vacant since August, will not be filled.

• The foods division plans new campaigns for several existing products and will test several new items. Among the ad efforts will be a comparative push against General Foods' Country Time.

• The company has bought 9.5% of the shares of Coca-Cola Bottling Co. of New York, valued at about $15,000,000, a purchase described as "solely for investment purposes."

• Unit sales of company soft drinks in the U.S., in both the third quarter and first nine months of 1979, have been hurt by the slow economy, gas shortages, reduced tourism and subsequent reduced away-from-home eating.

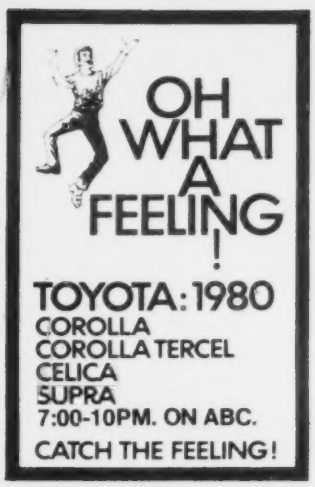
• The company is testing the nonnutritive sweetener aspartame for sugar-free formulations in Canada, where saccharin has been banned. The G. D. Searle & Co. sweetener is expected to be approved there soon.

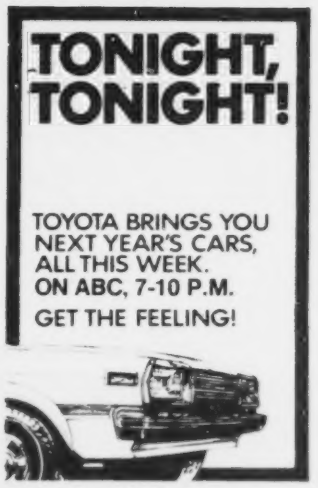
Worldwide and in the U.S., Coca-Cola's share of the soft drink business continues to range between 35% and 40%. Donald Keough, head of the Americas group, noted that the U.S. take-home market, which accounts for 30% of its U.S. soft drink business, remains highly competitive. He pointed out that for the past 36 years Coke has been the No. 1 brand for 18 years and rival Pepsi has led the other 18 years.

• Another official noted that Pepsi has beefed up competition in Germany and Spain by introducing a 1.5-liter bottle for the same price as Coke's 1-liter bottle. Coke has responded with a 1.5-liter bottle in addition to its 1-liter size.

In the U.S. away-from-home market, the fastest growing segment, Coca-Cola leads its nearest com-

(Continued on Page 105)





A feeling for ads

Toyota is taking the unusual course of announcing its commercials like programs in four quarter-page ads in the current *TV Guide*. The "all this week" prime time blitz on ABC-TV is the first of three peak spending points for Toyota over the coming year. The leading import car maker and agency Dancer Fitzgerald Sample boosted spending to the 500 grp level for the week (AA, Oct. 15).

Get back in touch, EurAm urged

Can't build up consumer trust from ivory towers: Henkel exec

FRANKFURT—Advertisers have been "extraordinarily reluctant" to defend the cause of advertising and its role in the free enterprise system, says Dr. Helmut Sihler, exec vp for consumer goods marketing for Henkel KGaA, West Germany's leading detergent and household products marketer and second largest advertiser.

Possibly a reason for such anemic efforts, he suggested, is, "There are no more advertising and marketing giants—the leaders we used to follow in the '60s—the era of the grey flannel suits in which you could at least see people. You can't see the faces anymore in today's blue jean-and-bearded crowd. Dr. Sihler told delegates attending ADVERTISING AGE's EurAm 4 conference last week in Frankfurt.

"It is time for advertising to be again the creation of people, addressed to people, expressed in human terms," he said, urging listeners to "get closer to their products.

"How long ago was it that you saw the product produced, and the people who produced the product which you advertise?" he queried, promoting an end to a certain aloofness and "better-than-thou" attitude permeating the industry.

Dr. Sihler noted that much of society's distrust of the advertising profession can be traced directly to deep-seated anxieties and indirectly to advertising's inability, so far, to address these anxieties.

The future runs deeper than the superficial economic analyses might suggest. He termed the oil crisis, for example, as one such superficial condition, and said a return to pre-1973 economic conditions would not wipe the consumer's anxiety slate clean.

Dr. Sihler cited three factors that contribute to the anxiety of today's consumer: "First, there is a psychological uneasiness arising from our traditional attitudes toward material goods and comfort . . . Secondly, there is a conflict between traditional material and emerging values. A conflict develops in our value system as increases in consumption identify more and more the pursuit of happiness with the pursuit of worldly goods. Advertisers should not shrug off this development that produces so much pessimism in our culture. .

"The third reason for pessimism is ideological. Those who live in a capitalistic system are often accused of bearing a wrong consciousness, and are manipulated by advertising. Students are persuaded along these lines, as are media in Germany, which attack advertising unfairly in their editorial columns while deriving their living from it.

"The time has come," says Dr. Sihler, "for the advertising and marketing community to explain its role to the public—to explain that advertising respects and defends the public's values and champions the public's right to consume as constituting a part of happiness." It must "expose the causes or reasons for current fears and uncertainties, so it can defend itself from unfair or inaccurate editorial/political attacks. The ad community should tell consumers that their right to choose products is an integral part of their freedom."

There are ways to attack the causes of the consumer's pessimistic outlook, he said. "Advertisers must respect our value system and actively support voluntary efforts ensuring that the ethical codes of a majority are not violated. More importantly, we must speak up," he noted. "When there are so many prospects for gloom, why not give space to some positive thoughts?"

(Continued on Page 110)

Nets ready ax for low raters

By COLBY COATES

NEW YORK—While local affiliates anxiously await the results of the critically important November national ratings sweeps, top network execs are at work deciding what programs should be swept from their schedules.

Replacements for about a dozen shows that haven't mustered a passing Nielsen grade will begin to join prime time schedules next month as network tv plunges into part two of the 1979-80 tv season.

NBC-TV execs met in Los Angeles last week, and are continuing to review new product here this week. ABC-TV, meanwhile, has converged on the West Coast while the CBS contingent, led by chairman William S. Paley, is now hashing out their moves in the Bahamas.

• The early betting line favors CBS being the first to reveal its strategy. Some agency sources think that while CBS will have to do the most shuffling, making the right moves could give it the sweetest rewards.

"Now that NBC has spent the first month or so chipping away at ABC's shares, CBS can make a serious run at the top if they solve their Wednesday, 8 p.m. to 9 p.m. [EST] and Saturday night problems," said one agency programer.

Though ABC chewed up its rivals with the first tv showing of "Jaws" in the seventh week of prime time competition, CBS followed up with its win of a week earlier to finish second with an 18.8 rating and 31 share.

Leader ABC had a 21.3 rating and 35 share (Sunday's "Jaws" telecast on ABC was the week's top-rated program with a 39 rating and 57 share) while NBC sank to a 16.5 rating and 27 share.

What CBS and its supporters continue to point out—and what serves as the basis for optimistic projections about its ratings future—is the enduring strength of regular series now concentrated on Sunday, Monday and Friday nights. Thus, agency observers in-

(Continued on Page 106)

Publishers called to private delivery

NEW ORLEANS—Private delivery, an alternative to the U.S. Postal Service, is no longer in the testing stages for magazine publishers, but a reality the industry should actively support.

That was one of the main messages some 450 attendees heard at the Audit Bureau of Circulations annual meeting here last week.

Lawrence Flynn, director of customer service for Hearst Magazines, called private delivery "the only viable counterforce to runaway postal costs," noting that Hearst has increasingly delved into private delivery since June, 1978, when a private company was commissioned to deliver 4,000 copies of *Good Housekeeping* in one market. Last month, 174,000 copies of *Good Housekeeping*, *Popular Mechanics*, *Harper's Bazaar* and *Sports Afield* were delivered in 17 markets with the help of seven delivery companies, he said.

Mr. Flynn noted several negatives of private delivery: Delivery quality is not consistent due to personnel turnover in private companies; weather affects private delivery, while not the Postal Service; and efforts to deliver in apartment or townhouse complexes are often made impossible by locked doors (delivery in mail boxes is prohibited by law).

Nevertheless, Mr. Flynn said private delivery, over-all, is "acceptable" in quality and timeliness of delivery, "ranking between seven and nine on a scale of 10" with the Postal Service getting a 10 rating.

• Besides reducing costs, private delivery also affords the publisher an opportunity to know who he's dealing with, Mr. Flynn said. "I have greater dialog and greater leverage with the private carrier."

Private delivery, Mr. Flynn said, is necessary "to keep the Postal Service on its toes and competitive," and asked fellow publishing companies to "make a new commitment to alternate delivery to build the numbers in present markets and new markets. We can't afford to lose this new delivery and marketing potential."

Noting that more than 1,200,000 magazines are privately delivered each month, he warned that if more publishers don't participate, "the concept may not be possible because we will not have sufficient density or penetration in the various markets to make it appealing to advertisers."

• Raymond Mitchell, director of alternative distribution for Time Inc., agreed that private delivery, which *Time* has tested since 1972, "has arrived."

"We have been fortunate in having carriers who have a sense of urgency for the timeliness of our product . . . What we need now is a transportation network to string

(Continued on Page 106)

highlights

Monday, November 12, 1979

The networks' affiliates chiefs talk about the prime time race. *See Page 4.*

Los Angeles Home/Garden cancels its debut as a competitor "clouds the issue." *See Page 4.*

The low-tar cigaret market remains a battleground as Now takes another swipe at low-tar king, Carlton. *See Page 6.*

Going around agencies to approach advertisers directly is on the rise in radio, say some broadcast executives. *See Page 10.*

Esquire is offering a no-clutter guarantee and taking other steps in a new marketing plan. *See Page 12.*

WCVB-TV plans to supply national access fare pinned to satellites. *See Page 20.*

Continued newsprint shortages have publishers worried about whether they will have adequate supplies to make it through the big holiday advertising season. *See Page 24.*

Cuisinarts is trying tv for the first time in New York. *See Page 32.*

Reynolds Metals will boost media spending 50% to support long-running and successful corporate ad program. *See Page 34.*

Reckitt & Colman exec tells why he thinks the British food marketer will make it in the U.S. *See Page 40.*

Subaru is backing its 1980 line with a $12,000,000 ad budget. *See Page 42.*

Personalized magazines could be a reality within two years as U/Stat Inc. expects to sign up its first publisher for the computerized system. *See Page 47.*

A Frenchman who is selling space on outdoor toilets in Paris says he expects eventually to bring his concept to New York. *See Page 48.*

Hooper White says commercial music is more than a way to fill time when you have nothing to say. *See Page 67.*

Alan Eirinberg believes that government truth in lending requirements force financial advertisers to tell less of the truth. *See Page 67.*

Playing the ABC corporate name game can lead to companies losing their identity, maintains Walter Margulies. *See Page 68.*

Scotty Sawyer launches an attack on the use of the word "got." *See Page 70.*

Weyerhaeuser's expanded broadcast expenditures are built around its "White Paper" sponsorship. *See Page 71.*

Coca-Cola has suggested smiling numerous times over the years in ads. *See Page 72.*

Oak Industries' Everitt Carter sees $85,000,000 gross for stv this year, and triple that amount next. *See Page 74.*

Piedmont Aviation, coming off a surprisingly good third quarter, is looking to tell people just how good it is. *See Page 82.*

The movie industry's biggest rush to sequels in years is under way, with "Superman 2" and the "Star Wars" followup the standouts. *See Page 86.*

Prime Time bows with advertising and circulation strength. *See Page 88.*

Wagner Drink is putting Thirst Quencher into the isotonic drink market. *See Page 96.*

Four A's president Leonard Matthews take a swipe at "back-of-the-book" ads. *See Page 96.*

Usher's scotch takes on the competition in its new ads. *See Page 102.*

The John DeLorean book questions the profitability of the Chevrolet account. *See Page 106.*

DDB breaks into soft drink business with purchase of Catalano & Gornick. *See Page 106.*

U.S. Borax & Chemical Corp. is introducing repackaged 20 Mule Power bathroom cleaner in major markets. *See Page 106.*

Nestle is among several major companies now eager to buy Beech-Nut Foods. *See Page 108.*

Section 2

Advertising in Germany, a special pull-out section highlighting the latest marketing developments in the Federal Republic, begins opposite Page 58.

REGULAR FEATURES

ACCOUNT CHANGES	102	FOR THE RECORD	105
ADVERTISER PEOPLE	90	OBITUARIES	96, 102
ADVERTISING MARKETPLACE	97	PHOTO REVIEW	30
BRADY	84	PRESSTIME	8
CON-SID-ERATIONS	16	RESEARCH BEAT	76
CORRECTIONS & CLARIFICATIONS	107	SIDEBARS	80
EDITORIAL VIEWPOINT	16	VIDEOTECH	28
FEATURES SECTION	67	VOICE OF THE ADVERTISER	92

Vol. 50, No. 48—Advertising Age (ISSN-0001-8899) is published weekly except semiweekly the second week in March, the first week in September and the third week in December at 740 N. Rush St., Chicago, Il. 60611. Second class postage paid at additional mailing offices.

Political uses of tax cuts influence economic forecasts

By JOHANNES GROSS
Editor-in-chief
Capital

The West German economy has turned in a stronger performance this year than the thundering herd of forecasters dared believe. In the coming year we stand a good chance of seeing the forecasters pleasantly upset once more. For once again they are telling us to be gloomy, and yet they are overlooking some important positive factors.

I don't want to play down the clouds that are on the horizon, but I do want to point out that the forecasters, as behooves them, are basing their views on the conventional assumption of no change in government policies. If allowed to breach this convention, every economist would rush to assume that policy will change in 1980, because it is an election year here. Moreover, the campaign is already on, a year in advance, and both the conservative opposition and the governing coalition parties (Social Democrats and Liberals) are falling over each other to offer tax cuts to the electorate.

At present, both sides are shadow-boxing over the technical issue of whether parliament should cut income taxes by Jan. 1, 1980, as the conservative Christian-Democrat/Christian-Social-Union suggests, or by Jan. 1, 1981, as the governing parties insist in a coy flourish of fiscal conservatism. My own prediction is that legislative action will come before the elections due in October 1980.

■ That way, the tax reduction can be nicely timed to give a boost to the economy just when it could well be running out of steam. Even an optimist, of course, has to agree that at some point next year the economy will start levelling off, with a risk of downturn, in the absence of a timely change in fiscal policy.

The debate over tax cuts may seem a bit out of keeping with the other issues in the election campaign: both sides promise to fight inflation and reduce the government's debt. This paradox is explained by the fact that the German revenue system produces a large "fiscal drag" in which tax revenues grow proportionally more rapidly than the economy. Without some reduction next year it's quite likely we would have a deflationary budget just when the economy was levelling off. Some of the presently strong upward forces in the economy should begin to peter out during 1980:

1. Industrial capacity is now being stretched and in some sectors, such as building, it is overstretched.

2. Fiscal stimuli from last year are beginning to wear off.

3. Moderately restrictive credit policy may soon slow the investment boom in manufacturing and in building.

4. Economic slowdown among some of our major trading partners, especially in Europe, should take some of the edge off our buoyant exports.

■ Given these negative factors, a lot of forecasters predict a sharp slowdown in Germany next year from a 4.5% growth in real gross national product that now seems certain for 1979. The pessimistic estimates vary from 1.5% growth to just over 3%, which suggests "negative growth" late in the year.

But the German Central Bank (Bundesbank) and the government's forecasters in Bonn believe that the present recovery will continue at least to next summer. Although there's no official forecast before December, the early estimates in Bonn suggest the average growth next year could reach 4%, given the government's flexibility on tax cuts, of course. This figure could become a self-fulfilling target.

The major differences between the pessimists and optimists are in their evaluation of the effects of higher oil prices, of export prospects, and of labor union behavior. Pessimists believe that the higher oil prices will cut deeply into spending as consumers try to offset the higher costs of heating oil and gasoline. But the Bundesbank, for instance, believes consumers will simply reduce their savings and maintain a reasonable level of spending.

■ On the question of exports, I think pessimism is being overdone. The argument is that the transfer of revenues from industrial countries to oil exporting countries will bring a sharp slowdown in some of our major European markets. But by next year the oil exporters will be spending much more of their revenues on capital goods, and Germany is a traditional supplier of capital goods. Already for 1979, a fall-off in exports was forecast, and it seemed certain after the loss of major contracts in Iran earlier this year. Yet our exports this year are growing at close to 10%, and order books are full for delivery well into next year.

The behavior of labor unions in the wage negotiating round that starts in December can influence the 1980 growth appreciably. Industry came through the last wage round with a reasonable overall settlement—about 4.5% average by the time the round closed last spring. Since then, however, the inflation rate has increased, and there has been general concern that the unions would try to make up their losses in buying power next winter. This could turn into a wage explosion that would certainly frighten industry into slowing down its capital spending programs for the coming year.

But so far the major unions have been behaving marvelously. The leadership of the confederation of German unions has gone on record opposing any kind of renegotiation

(Continued on Page S-6)

Mr. Gross joined the German business monthly, Capital, *five years ago after a career in daily journalism, radio and television.* Capital, *founded in 1962, now has a paid circulation of more than 200,000, and boasts that it is read by every second senior manager, every fifth company director and every sixth company owner.*

The Federal Republic of Germany

Machine, auto exports foster economic health

West Germany has the largest population in Western Europe; with 247 inhabitants per square kilometer, the country is one of the most heavily populated in Europe. The metropolitan areas which have built up around the capital cities in the individual federal states are especially densely populated; over half of the German population is concentrated in these areas. The population contains an unusually high number of single-person households (28%), by far the largest such figure in all Western European nations.

The average net monthly household income is about $1,300, whereby approximately 60% of all households have only one wage-earner. The share of employed women in the population has reached 32%; among women aged 20-29, this figure climbs to about 55%.

The major employers in the West German economy are the trade and service sectors, which together provide employment for 49% of all employed persons in the country. The manufacturing industries, however, account for 48% of the total gross domestic product, the largest single amount.

■ With an export volume of DM273 billion in 1977, the Federal Republic of Germany is the largest exporting nation in the world. The most important export sectors are finished products which require technical know-how: automobiles, electrical engineering products, machines of all kinds, construction projects, instruments and tools, precision and optical products.

Private consumption accounts for more than half of the GNP; the share of governmental spending in a state like the Federal Republic of Germany is, however, constantly increasing.

About 27% of private expenditures are spent at present on food, beverages and tobacco; with an increasing standard of living this share has been falling in favour of recreational goods and services. #

Demographics data bank on W. Germany

POPULATION AND BASIC DATA

Population:

- ☐ Total inhabitants = 61,6 million (247 per sq/km)
- ☐ Inhabitants (over age 13) = 45,7 million
- ☐ Men/women (over age 13) = 46/54%
- ☐ Number of cities with population over 100,000 = 69
- ☐ Governmental form: democratic-parliamentary federal states
- ☐ Administrative regions = 11 federal states (including West Berlin)
- ☐ National language = German

Age structure:	in %
14–19	11
20–29	16
30–59	49
60 and over	24

Education (over age 14):	in %
Secondary school without apprenticeship	32
Secondary school with apprenticeship	36
High-school without matriculation	23
Matriculation, university	9

Private households = 24.2 million

Average household size = 2.6 persons

Net household income:	in %
under DM 1,000	9
DM 1,000–DM 1,499	15
DM 1,500–DM 1,999	23
DM 2,000–DM 2,499	21
DM 2,500 and over	32

MONEY, EMPLOYMENT AND PRODUCTION

- ☐ National currency: 1 Deutsche Mark (DM) = 100 Pfennige
- ☐ Gross national product (1977) = 1,199 Billion DM

Formation of the gross national product

Agriculture, forestry and fishery	3%
Merchandise	48%
Trade and traffic	15%
Service areas	22%
Other areas	12%
1,199 Billion DM =	100%

Employees in sectors of the economy

Agriculture, forestry and fishery	6%
Merchandise	46%
Trade and traffic	18%
Service areas	30%
25.9 mio. employees	= 100%

PRIVATE CONSUMPTION

- **Private consumption (1977) = 669 billion DM's**

of which:	in %
Food, beverage, tobacco	27
Clothing, personal items	15
Rent, heating, light	17
Household equipment	12
Body and health care	5
Education and recreation	7
Transport, communication	14
Others	3

- **Wage and price development (1970 = 100):**

	1973	1974	1975	1976
Cost of living	119	127	135	141
Wages (industry)	134	147	159	169

Contents courtesy of Gruner + Jahr.

German retail distributors entrenched for '80s

By HEINER HUNSINGER
Marketing Executive
Deutscher Fachverlag

At the Food Market Institute convention in the U.S. last spring, the owner of a a big midwestern supermarket chain asked me who would be the next German retailer to tackle the U.S. market. I suggested a few names. Then he asked me what the retailing scene in Germany was like. I began to describe it.

We got to talking about manufacturers and couponing. I said that sort of thing would be unthinkable with us, because German retailers set their own prices and won't let industry tell them when to cut prices or how much, or when to accept promotion material and when not.

My friend was incredulous. He asked twice if he'd heard me correctly, and I assured him he had. The intent group of retail executives surrounding us nodded wistfully and sipped their ice water.

▪ This anecdote illustrates the fundamental difference between the American and German retailing landscapes, whose contrast is based not so much on types of outlet as on how German retailers see themselves. This contrast affects decisions related to the market and to suppliers.

To show where the German and American retail trade resemble each other, a few general remarks are in order.

German retailing will see no revolutionary changes in food outlets in the 1980s. All the distribution systems are operative and the streams of demand flow through them in an orderly fashion. Supermarket, small-space discounter, box stores of all varieties up to self-service department stores—all have undergone their baptism by fire and are in full operation. In the late '70s, forced by state building codes, a type of operation between 10,000 and 20,000 sq. ft. flourished. Though an offshoot of the traditional supermarket, it catered more to discount demand.

▪ Large and small outlets will be able to fortify their respective competitive positions because the cost advantage of the large outlet in purchasing and distribution is offset by the small outlets' nearness to the consumer, their greater flexibility, and their ability to meet high specific buying needs. Chart at right shows a breakdown of the market by type of distribution.

These figures represent today's situation; it does not show that in the past 15 years some 70,000 independent retailers, organized in voluntary chains and cooperatives, have dropped out. In recent years, however, the mortality rate has definitely declined. In the future this slower process of melting away will hit chains harder than the comparatively solid cooperatives.

Barely hidden behind these figures is a competitive struggle that has swept over the operators in the market like a raging fire, and is still smoldering. With all due modesty, no other country in the world has experienced anything like it.

▪ The competition has forced those German retailing organizations that are bent on survival to build up their resistance by way of mergers, affiliations and takeovers. In recent years huge retail groups have come into being with a concentrated purchasing power that was unthinkable 10 years ago.

Such massing of demand power promptly brought the government into the act. Increased control of mergers and a ban on discrimination are no mere glittering catchwords in Germany, but have very real substance. The big boys defend themselves vehemently against such government intervention and reproaches from the public. Klaus Wiegandt, general manager of the Leibbrand group, a chain with $2.5 billion in annual sales, explains it like this:

"In a highly industrialized society with mass production like ours, the retail distribution machinery cannot retain medieval structures. Modern, highly efficient distribution systems with a variety of outlet forms on the store front today call for tremendous investments of capital and management. Anyone who confronts this economic task of distribution is compelled to strive for unit sizes leading to growth processes that begin by crowding out competitors.

"But this concentration in food retailing comes to a halt in good time even from an economic standpoint, because the locations necessary for mass distribution are in limited supply, and optimum unit sizes generate their own administrative limitations. Accordingly, some 50% market share will remain permanently in the hands of small business, which must concentrate on the weaknesses of the big organizations."

▪ Do you see what I'm talking about? Actually you can't, unless you know the following:

Germany has never had a Wright Patman*, and so, retail size here means power—easily demonstrable, constantly demonstrated buying power—not only with respect to the quantities of individual products, but particularly to the terms on which individual products are purchased. In other words, each retail group negotiates its own, highly individual terms. Those with insufficient power get poorer terms.

*U.S. Rep. Wright Patman is co-author of the Robinson Patman Act of the early '30s which outlawed price concessions or other "advantages" in doing business under the guise of advertising, sales or promotional allowances, special brokers' fees and commissions, volume discounts not offered to the trade in general, and rebates.

Accordingly, competition aims to drive rivals out of the market, using such weapons as merger, takeover, and frantically aggressive growth. The process of boiling down still continues under full steam.

▪ A great American detergent combine (in Germany the group is believed to have invented marketing), proud of its corporate philosophy and exemplary in its German operations, has finally had to concede, after years of stubborn resistance, that nothing goes in defiance of the newly powerful retailers. The company's profits shrank substantially in 1978, and while it used to sell only 20% special-priced merchandise, the figure today is 80%. It is having more and more trouble with its principle of concentrating on selling out and requiring the retailer just to have the goods available.

But while its German execs are battling the retailers brilliantly on the market front and still encountering problems, the American parent evidently declines to approve more flexible strategies. Whatever works in the United States, the reasoning goes, must necessarily work in Germany.

Naturally, that company is not alone in its battle for market shares. In practically every field of production, overcapacity assures intense pressure for distribution. And the interchangeability of practically all products within classification of merchandise inevitably leads to aggressive undercutting in terms.

A man in the retail camp chose to describe the present situation: "Today we're so strong that we can extort practically any terms from any manufacturer."

▪ To sum up, the battle for distribution in Germany has grown fiercer than the battle for the consumer. This dog-eat-dog struggle for survival already has led to many cases of self-multilation in both retailing and manufacturing, bringing about quiet liquidations and spectacular collapses.

What might be called public documentation of the new brutality of retailers' mercantile relationships is the so-called register of offenses drawn up by the Economic Ministry to combat abuses in terms. It should be remembered that individual forms of rebate, some examples of which are listed at left, are not merely used interchangeably, but usually several are demanded at once.

▪ To be sure, industry is no less active in devising new forms of allowance in order to maintain a pretense of straightforward negotiation. It would, however, be disastrous, and unfair as well, to explain the growth of "Knapsack wholesalers" into huge concerns merely by citing their ability to negotiate terms more rigorously.

When the German public mentions retailing, it is fond of talking about power, but seldom about performance. And it is this capability that has made of the abovementioned Leibbrand group, with $250,000 in 1961 sales, a corporation that this year will do about $2.6 billion.

Aldi, Wertkauf, and Tengelmann (now, of course, also in business in the U.S.) may be mentioned as three examples among many of entrepreneurial talent. Suppliers in Germany have come to realize that you can't fight this kind of dynamic drive—not with conventional push-and-pull strategies, not with couponing. They realize also that new forms of cooperation will help both participants in the market. And this, I believe, was what my midwestern friends were thinking of as they wistfully sipped their ice water. #

Heiner Hunsinger has been involved with German trade journals throughout his working life; he is now a member of senior management in charge of marketing at the Deutscher Fachrerlag in Frankfurt, the largest German trade paper publisher with about $50,000,000 in sales this year, 30 journals, and a payroll of some 500. Among its main publications is the weekly, Lebensmittel Zeitung, *the leading food trade sheet, which is read by all wholesale and large retail outlets in Germany.*

Examples of marketing by rebate in Germany

- Customer demands payment for including vendor's products in assortment.
- Customer demands "shelf or space rent" from vendor for displaying his merchandise.
- Customer demands contribution for his advertising (catalogs, newspaper ads, poster space, etc.) from vendor.
- Customer demands special consideration from vendor when opening new stores.
- Excessive accumulation of special rebates is demanded of vendor.
- Customer demands a future, specified increase in rebates granted as "sales bonuses" by vendor.
- Customer demands that vendor, under threat of sanctions, provides personnel for "inventory assistance."
- Customer makes regular stocking of vendor's line contingent on payment of fees.
- Customer imposes *ex post facto* penalties for failure to reach sales quotas, without previous warning or contractual stipulation.
- Loans are demanded of vendor, on terms not available on market, for expansion or new investments by customer.
- Vendor is required to subsidize new investment or expansion.
- Vendor is asked to share costs of fitting out customer's premises.
- "Fines or penalties" are charged to vendor for errors in shipments, regardless of their importance.
- Customer demands excessively lenient payment terms in general or on particular occasions (*e.g.*, store opening or initial orders).
- Purchaser demands that vendor accommodate retail organization, *e.g.*, by adopting the former's skid dimensions, item numbers, or invoice forms. With a variety of customers the vendor is thus prevented from organizing his own operations with maximum effectiveness.

Hoechst reports '80 capital expenditures

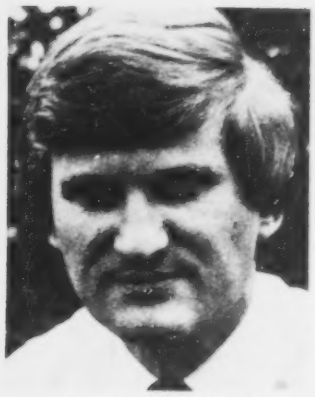
Germany's Hoechst Group, with 459 companies worldwide, plans to invest $1.14 billion worldwide in 1980, an increase of 21% over 1979.

About 50% will be spent in West Germany while approximately 15% will be invested each in the United States and Western Europe.

In the U.S., modernization and expansion will continue for the polyester fiber production facilities of Hoechst Fibers Division of American Hoechst. Outside Germany, capital investment in 1980 will concentrate on pharmaceuticals, fibers, and synthetic resins. Main emphasis will be on pharmaceuticals.

About 15% of total 1980 capital expenditures, or about $171,000,000, will be directly for environmental protection. In addition to this, other capital projects will provide more funds for environmental protection. #

German admen think legal before thinking creative



By VOLKER NICKEL

Why should there be a substantial difference between advertising in Germany and in the United States? Of course, the West German market of 60,000,000 consumers is considerably smaller than that in America. But what the Germans know about advertising they learned from the mother country of modern marketing, the U.S.

America supplied the impulses and provided an advertising grammar for all European business. Many a French, German or Italian advertising man, particularly in the 1950s and '60s, found the American sense of mission getting on his nerves—the glittering, sometimes gaudy externals of the doctrine of advertising salvation, made in U.S.A. But no matter: the thrust and accomplishments of advertising as the motor of marketing continue, even in Germany, to rest on the discoveries of the advertising pioneers from overseas.

Two different ad worlds

Nevertheless, the German advertising scene is completely in contrast to that in the States. Reason No. 1: the media in America are differently structured; their range is wider, and each medium's relative importance is different.

For example, tv advertising plays a far greater role in the U.S., particularly at the expense of magazines, which rank only fourth in advertising income, after newspapers, tv and radio. In the Federal Republic, on the other hand, newspapers have a 46% share of total income, general magazines 18%, direct advertising 12% and tv 10%.

The second difference, as recently expressed by a spokesman for the worldwide ITT group, is that "Germany is the most demanding market there is. It has the highest requirements with respect to product design and quality and technological development. Whatever succeeds in the German market will succeed anywhere." If this opinion is correct, obviously advertising in Germany must be different, too.

Regulations vs. creativity

American ad people always shudder when they hear German colleagues discussing questions of advertising law first and creative problems second in planning advertising activities. And therein lies the third reason why the American and German advertising scenes are so difficult: German advertising legislation is the world's strictest and most specific. Anything and everything is regulated by law.

More than 25 special legal requirements substantially restrict advertising options and lead to a perennial battle between regulations and creativity. The most important 10 laws:

- Law against Unfair Competition, a set of rules that makes up a sort of constitution or central law for the advertising industry.
- Act for the reorganization and amendment of the law governing commerce in foodstuffs, tobacco products, cosmetics, and other articles of daily use.
- Law of Medicaments.
- Law governing advertising in the therapeutic field.
- Federal Data Protection Act.
- Rebate law.
- Ordinance governing price labeling.
- Ordinance of the federal economic minister governing summer and winter clearance sales.
- Model state ordinance governing going-out-of-business, clearance and other special sales.
- State press law.

ZAW

The German advertising industry shows a high degree of organization. Its umbrella organization, the German Advertising Federation, comprises 37 member groups from industry, banking and retailing (8); advertising media (19) and agencies (2), and advertising professions and research (8).

The ZAW represents the entire German advertising industry to the public, and—more significantly, to legislative bodies and public agencies. Within its own industry the federation assures the coordination of interests among the various branches of advertising.

Voluntary booby-traps

Producers and suppliers of goods and services in Germany have to meet not only legal requirements, what might be called outside supervision, but voluntary agreements, internal supervision. Rules of conduct are supposed to prevent harm to the consumer, and also to the ad industry, with its 300,000-odd employees and over $5 billion in 1978 recorded net sales (including those in the zone between permissible and legally prohibited advertising). The filter of self-discipline has three layers:

1. The International Rules of Conduct for Advertising Practice (which have no great significance in the Federal Republic, since they merely elaborate on the existing law here). The guidelines establish as the basic principles of fair advertising that every measure adopted must be in accordance with public morals and truthful.

2. The activity of the German Advertising Council, the self-supervisory institution established in 1972 by the ZAW. This group is the central body for self-supervision in advertising. It steps in on its own initiative or after outside suggestions or complaints, in matters of illegal and dubious advertising on the fringes of legitimacy, and in case of other abuses. The Advertising Council keeps all groups in the advertising industry constantly informed of developments in consumer policy.

In addition, this central institution develops guidelines for advertising. They serve to "prevent aberrations and encourage advertising that does justice to the consumer." The Advertising Council and the media police the observation of these guidelines.

The most important two are:

- Rules of conduct for advertising to and with children on commercial radio and tv (1973). Here the entire German advertising industry undertakes to refrain from any direct appeal to children to buy anything.
- Rules of conduct governing the advertising of alcoholic beverages (1976). This requires, for instance, refraining from minimizing the effects of alcohol consumption and prohibits the use of young people and athletes in alcohol advertising.

3. Special agreements within particular lines of production and commerce also regulate special forms of advertising in the Federal Republic on a voluntary basis.

Obviously, if the Germans impose on themselves this highly perfected advertising legislation with additional voluntary restrictions, the situation will be much the same with respect to advertising supervision. Even advertising practitioners in West Germany find it harder and harder to keep track of who, aside from the state, is supervising advertising. There are more than 50 central institutions and organizations, some with additional networks of regional and local bodies, policing German advertisers. In addition, press, radio and tv follow advertising events with a highly critical eye. Each year the mass media print and broadcast consumer information valued at some $1.5 billion.

Consumer-slanted legislation

One thing America and Germany have in common is their consumer-slanted legislation. Protection of the consumer has absolute priority, whereas in times past the maintenance of competition was the main consideration. There may be trouble with the courts even if statements in advertising are objectively true. What is "true" is determined not merely by the facts in the ad copy but by the opportunities to mislead the consumer with truthful but confusing information.

For example, in a suit between two manufacturers of electric shavers, the Federal Court (the German Supreme Court) stated that even truthful advertising could be misleading and therefore prohibited. The point was that Company X advertised its dry shaver with the truthful assertion that it was "the world's most popular." Company Y, which sold the most dry shavers in the Federal Republic, succeeded in preventing Company X from advertising its world leadership in the German market. Said the Federal Court: Advertising "world leadership" gives a not inconsiderable share of average consumers the misleading impression that this also applies to the German market.

In other words, only the judgment of consumers decides whether the advertiser's objective truth also constitutes truthfulness for the consumer. To determine the opinion of consumers on advertising messages in disputed cases, German courts even conduct opinion surveys. If less than 15% of the consumers interviewed understand the message in the misleading sense claimed, German courts usually dismiss the complaint. With more than 15%, the advertiser must expect to be found guilty, with sentences ranging from fines to a maximum of a year's imprisonment.

All quiet on ad front

All of this sounds pretty terrible. But the German advertising industry has long since adjusted to the situation. Accordingly, advertising missteps are extremely rare. True, this caution of advertising executives prevails at the expense of creativity. German advertising is not nearly as witty and sparkling as American. But what the agencies in Duesseldorf and Hamburg, Frankfurt and Munich turn out is beamed straight at the public ear and taste. And that, after all, is what advertising is about.

The elaborate legal safeguards imposed on advertising in Germany have an additional effect: criticism of advertising from the angle of social policy has never attained a rank such as it holds in the U.S. In this sense, all is quiet on the German advertising front.

Opponents of free enterprise and advertising have by now pitched their tents in Brussels, the headquarters of the European Community. They now attempt to achieve through the EEC advertising bans that won't stick in Germany, but their chances of creating the silence of the grave on the German advertising front are extremely slim. This is because the citizens of the country have no more desire for a planned economy à la Marx and Lenin than have the political parties, unions, churches and other influential social groupings in West Germany.

On the other hand, the prospects for advertising being produced in Germany less with the law code in mind and more with creativity and humor are not bright either. At the moment, no further advertising restrictions are in sight, but the German Parliament is refining the above-mentioned Law against Unfair Competition.

But still, we shall hardly see ad agencies turning into law firms. Even German perfectionism finds its limits at the point where regulations destroy the market mechanism. #

Volker Nickel, 36, heads the Communications Department of ZAW, the German Advertising Federation, in Bonn. After learning the journalist's trade in Berlin, he worked in the information section of the Central Marketing Corporation for German Agriculture (CEMA), and in 1972 started building up the communications department of ZAW.

Advertising Age's Top 25 German Agencies by Gross Income in 1978

Rank	Agency	Gross Income (000)	Billings (000)
1.	H.K. McCann Co.	$28.919	$192.791
2.	Lintas	25.765	171.853
3.	Team/BBDO	22.800	152.000
4.	J. Walter Thompson	20.090	134.000
5.	wilkens wpt	16.533	81.457
6.	Gramm & Grey	16.288	108.586
7.	Young & Rubicam	14.849	99.043
8.	Heumann, Ogilvy & Mather	11.868	79.083
9.	Doyle Dane Bernbach	11.501	76.659
10.	Dr. Hegemann	10.000	66.761
11.	Intermarco-Farner	9.995	66.666
12.	Benton & Bowles und Partner	9.923	66.188
13.	D'Arcy, MacManus & Masius	9.847	65.676
14.	MWI, Norman, Craig & Kummel	9.690	64.600
15.	Foote, Cone & Belding	9.472	63.180
16.	Siesina-Bates	9.248	61.681
17.	GGK Duesseldorf	8.408	56.055
18.	Troost-Campbell-Ewald	8.076	53.867
19.	R.W. Eggert	5.600	37.400
20.	Guenter Blaese	5.081	33.892
21.	Luerzer, Conrad	4.939	32.926
22.	Compton	4.710	31.410
23.	Westag Werbeagentur Prigge, Hawel	4.146	26.674
24.	Spiess & Ermisch	4.090	27.300
25.	DFS + R Dorland	3.689	24.596

The sheer power of German advertising agencies as money makers is most evident when comparing their gross incomes with those of agencies across the Continent.

Of Europe's Top 25 agencies in terms of gross income, 13 are from Germany, according to ADVERTISING AGE's foreign gross income and billings tabulations for worldwide agencies in 1978.

- Leading the agency pack in Europe is H. K. McCann, followed by other German behemoths, No. 3 Lintas, No. 4 Team/BBDO, No. 8 JWT, No. 10 wilkens, No. 11 Gramm & Grey, No. 12, Y&R, No. 13 Heumann, Ogilvy & Mather, No. 19 DDB, No. 22 Dr. Hegemann, No. 23 Intermarco-Farner, No. 24 Benton & Bowles, No. 25 D'Arcy-MacManus & Masius.

German agencies in Europe's second 25 are No. 26 MWI/NCK, No. 27 FCB, No. 28 Siesina-Bates, No. 33 GGK Duesseldorf, and No. 35 Troost-Campbell Ewald.

Admenting switches to Nissan/Datsun

After seven months without an automobile account, Admenting, D'Arcy-MacManus & Masius of Frankfurt has a car client again. Nissan/Datsun Ltd. of Tokyo has tapped Admenting for a Europe-wide campaign, covering activities for the introduction of new models and sales promotion.

Tv may grab headlines, but press snags the ads

By BERND SCHIPHORST

From Chancellor Helmut Schmidt's cabinet and from parliament, from commissions and conventions one gets the impression that an era of unrestrained television mania has dawned in Germany.

Pundits in this "nation of poets and thinkers" point in horror to the perfidious influence likely to be exerted by cable and satellite on the nation, not to mention the revolutionary aspects they may have on the country's already highly-regulated broadcast media.

Chancellor Schmidt has apocalyptic visions: "We must not stagger into perils that are more acute and more dangerous than nuclear energy." If the country were flooded with private cable and satellite programs, according to the chancellor, this might "change the structure of our democratic society." Many other politicians say amen to the chancellor's words of alarm.

▪ As a result, total cable tv business in Germany in 1979 will be zero DMarks. Although cable tv was installed at least five years ago and test cities selected, it has not been put into practice. Politics seem to always bar the door.

German tv also seems void of the treachery ascribed to it. The Germans have a daily choice of only three channels. Advertising is confined on these networks to five minutes four times a day, and banned on Sundays and holidays. Tv programs are even under supervision of the ruling political parties.

Satellites might change things a bit, but not if Mr. Schmidt holds his ground. Already, he has obtained promises from France that France would join Germany in blocking an attempt by Radio Tele Luxembourg to lease a channel on a French-German television satellite for broadcast of German-language tv programs to Germany. RTL is majority-owned by the French government.

▪ While an important medium, tv's importance as an ad medium hardly measures up to the headlines it is getting in the national press (newspapers), which alone accounts for 43% of total advertising in Germany.

Where else can a citizen choose from among six national dailies? The biggest is *Bild*, a pure newsstand tabloid, 5,000,000 net paid, bought by almost one household in four. The smallest is executive reading, a business and financial paper called the *Handelsblatt*.

Four quality national papers boast between 200,000 and 300,000 net paid. The left-leaning, liberal *Frankfurter Rundschau*, which became a part of the nationwide alternative reading of young people during the student revolt in the late '60s, is now having trouble maintaining its daily national distribution; and *Die Welt*, which is Axel Springer's flagship, has just swung sharply away from the dry, dullish style of the quality papers. While the editors of the *Handelsblatt* (which is published every stock-market business day) read the *Wall Street Journal*, they do not attain its journalistic standard. As a result circulation is static at about 80,000.

▪ Local and regional dailies have a great tradition in Germany. Their economic position at present is in no danger: They reach over 70% of the adult population daily, and advertising is thriving. But this may take a turn for the worse.

Many cities and rural districts have only a single daily left as a result of the concentration during the '60s. With no real competitors, the editors don't put their back into it, the critics say. And the small retail advertiser complains that the local paper today covers too wide an area, and ad rates have risen too high.

In this situation the traditional local press is under pressure from above and below. From above comes the big national tabloid *Bild*, which is digging into more and more regional markets and pursuing an aggressive editorial policy there. From below, local "shoppers" are crowding in: given away to all households, they offer split-run down to the smallest area, a single section of a city.

It took a bit of time for the newspaper publishers to recognize the danger and turn the tables by using the methods of the opposition. They started their own shoppers or bought them up, and when this worked, they turned it against Axel Springer of *Bild*. They published giveaways with topical editorial matter on Sundays. Until then Sunday had belonged solely to two big national papers, both published by Springer: *Bild* and *Welt*.

▪ Even greater is the transformation of advertising sales. In the field of traditional brand-name advertisers, the dailies run a poor third and the trend is static. In 1964 they drew 20% of their ad revenue from that source; by now it is hardly 10%. On the other hand something like 50% of the business now comes from regional retailers—box stores, department stores, shopping centers and chain stores. These are pure special-sale ads.

Whatever the dailies may have lost in the post-war period, the general interest magazines have gained it back twice and three times over. The slick paper business is booming probably more than in any other country in the world. With a share of 45% in the total $3.75 billion of total advertising expenditure in the classical media, the general interest press is the cornerstone medium in Germany.

Such magazines as *Stern* and *Spiegel* average 120 pages of advertising week by week during the year. Individual issues in the busy seasons of March-May and September-November have already hit the mechanical production ceiling. What *Stern* has done is to remove parts of the issue (weighing several pounds, as it is) and insert them as separate supplements—the only possible recourse in dealing with excess demand.

▪ Unusual as this situation is for a magazine, the media planners at German ad agencies are used to standing in line, thanks largely to German tv in which commercial time has been rationed since the beginning of tv, as follows:

- to 20 minutes a day;
- to the time slot between 6 p.m. and 8 p.m.—outside of prime time here, as in other countries;
- to ordinary working days; a ban on Sunday and holiday tv was imposed out of consideration for the churches' position as active members on the boards of the broadcasting networks;

Under pressure from moralists and political health fanatics who have pushed through regulations banning bare bosoms, cigarets and pipe tobacco. Alcohol is advertised only under strict guidelines, and advertising to children is permitted only if the commercials do not urge buying.

This is the cage that tv creatives and film producers move in. Thank goodness they are not reminded every other day that only two-thirds of the population has color tv. In 1978, *Stern* ad manager Rolf Grimm provided proof to American media planners in a study, "The Media Scene in Europe," that "television in Europe is not the basic medium American style: No medium in Europe is marked by so many restrictions, varying from country to country, as tv."

The *Stern* study would not have been needed if all that was involved had been the redistribution of advertising money. This the German politicians had already taken care of. Reason: While the post-war German press developed an extreme reserve toward the state (a subsequent justification of the licensing policy of the Allies from 1945 to 1949), tv fell at once into the hands of the media policy-makers. And German media politicians have a reputation for knowing much more about politics than about media. "In no other sport," grumbles the general manager of a big church weekly, "is amateur status so strictly maintained as in media policy."

The professionals in the magazine trade, on the other hand, had a clear track and exploited it to the

(Continued on next page)

German and foreign titles from Gruner + Jahr, the big Hamburg publishing house.

Bernd Schiphorst, who was for some years editor of the German advertising trade newsletter Der Kontakter, *is now at Gruner + Jahr, Hamburg magazine publishers.*

Europe's 4 top markets, U.S. media expenditure trends

		Press				Other					
	1978	Newspaper	Consumer Magazines	Trade Technical Business	Press Subtotal	TV	Radio	Cinema	Outdoor	Subtotal Non-Press	Total
Average of Europe's 4 majors	*%	43	19	7	69	18	6	1	6	31	100
	†Index 1978	192	199	200	195	208	146	161	190	190	194
Germany	%	54	22	4	80	12	3	1	4	20	100
	Index 1978	175	193	159	179	150	155	146	147	150	172
France	%	24	28	6	58	16	10	2	14	42	100
	Index 1978	294	215	212	242	238	119	253	199	182	213
Britain	%	46	8	10	64	29	2	1	4	36	100
	Index 1978	200	224	235	207	264	633	175	223	265	225
Italy	%	32	30	9	71	13	5	3	8	29	100
	Index 1978	194	165	167	177	148	115	100	291	153	169
U.S.	%	45	9	5	57	31	10	—	2	43	100
	Index 1978	159	173	156	161	171	149	—	151	177	167

Source: Jo Lhoest, International Media Consultant, Brussels, who conducted this research for ADVERTISING AGE. Copyright 1979 Jo Lhoest.

*Percent is % of total advertising expenditures (1978) credited to that media-category.

†Index 1978 (1977=100). The 1977 basis is total expenditure in 1977 expressed in current dollars (exchange value at September 1979).

Canada Dry to H&P

Canada Dry, a subsidiary of Norton Simon Inc., has named Herrwerth & Partner, Munich, to handle its recently dormant German account. Distribution build-up will precede general advertising.

"Run-of-the-mill stuff"

Submarines, toupee tape offered in 'Made in Europe' publications

"The real sport is what our advertisers want to sell and what our members want to buy," comments Hermann E. Reisner, publisher of a catalog operation in Frankfurt, whose ability to match product to customer the past 25 years has been just short of phenomenal.

"Run-of-the-mill stuff is nylon horseshoes, collar casks for St. Bernard dogs, toupee tape, crapshooting pads, thrones for sheiks in Dubai, submarines for coral-gathering, canvas water bags for Mecca pilgrims," continues Mr. Reisner, who with a staff of five and an ironing-board for a desk, put out in 1954 the first issue of a trade journal planned to sell European consumer goods to North American department stores and importers.

That publication is the English-language *Made in Europe*, distributed only to members of the Made in Europe Organization. Subsequently, Mr. Reisner was to reach out for producers' goods with a TEC Technical Equipment Catalog, and most recently a monthly load of over 200 ad pages per issue has forced him to split the parent book into "General Merchandise" and "Furniture & Interiors."

▪ Alone among European "export magazines," the *Made in Europe* books have a net paid circulation of some 13,000 around the world, including one hardy subscriber from Kandahar in Afghanistan.

He's a merchant and his business is passenger transportation. On his annual package pilgrimages to Mecca he sets out with a convoy of 10 to 15 used Mercedes buses, including several spares. Not spare parts, spare buses. Some usually fall by the wayside. He is always in search of used Mercedes buses.

"You've heard about the guy who used to sell Brooklyn Bridge to hayseeds. My turn came when Duesseldorf planned to replace the main bridge across the Rhine with a new, wider one. They told me I could try to sell the old bridge, buyer to remove his property. I will say for us that my editorial on the subject pulled enquiries from as far away as Tasmania, but we couldn't compete with the price of scrap: It rose so high that the bridge was worth more as junk.

▪ "Our most urgent foreign enquiry came by telephone from the middle of a North African desert. They needed a shipload of hay. It seems some progressive Third World authorities had imported large herds of cattle to boost milk production; the only thing they'd forgotten was fodder.

"Of course we can't always tell whether the advertisers are going on results or hope, any more than the enquirers. But our first advertiser in 1954 was Albert J. Thewalt, a producer of beer steins. He's still with us (like 23 more of our original 64 advertisers). And we've never had an issue from then to now without ads for beer mugs of one kind or another.

▪ "The biggest company among our advertisers, the $4.5 billion Quelle mail-order house, does a lot of business all over the world, and evidently we've been contributing our share. I don't think Quelle advertises on hope.

"I was pleased to see that my friend and fellow native of Berlin Gerardo Joffe—the man who made a sensational success with the Haverhill's and Henniker's mail-order operations in San Francisco—recently wrote a book succinctly called 'How you too can make at least $1 million (but probably much more) in the mail-order business.' One of the things he advises doing is subscribing to *Made in Europe*." #

Hermann Reisner of Made in Europe, left, shown with U.S. Secretary of Commerce Luther Hodges at the Hanover Fair in 1961.

Tv gets headlines, ads go to press

(Continued from page 34)

full. Today the 78 major general-interest magazines reach 90% of the adult population. The 20 biggest—apart from the free membership publications of the ADAC automobile club, two building-and-loan societies, and the German Red Cross—are four tv program magazines, sensational press, five women's books, the general-interest weeklies *Stern* and *Bunte*, a young people's magazine, and *Reader's Digest*.

The bouquet grows ever more varied. In 1978 some 270 publications were launched and well over 100 were discontinued. The year before, the figures were 150 and 100. Main themes are culture, electronic entertainment (hi-fi and phonograph), with a continuing trend toward motoring; in the leisure sector, hobbies and sports; and as always, comics.

Not only that. The special issues and one-shots that had blossomed during the advertising recession reached a total of about 200 titles in 1978, with an aggregate circulation of 40,000,000. Not until this year has the upward curve leveled.

And since brand-name advertisers don't give their business to a publisher for his bonny blue eyes, the publishing houses spend a fortune on research: Two big annual media analyses financed by the advertising industry as a whole, plus out-of-the-ordinary studies (for instance describing target groups by psychological rather than demographic characteristics) and analyses of small special markets, such as the business press. Reader analysis is important because the major part of all circulation still goes through newsstands and moves into unknown channels without market research.

The perfection of the magazine system, the excellent printing of the books, and the high editorial level have given the Germans such self-assurance that a German publisher, Gruner + Jahr, has, for the first time, begun to export its magazine ideas. The monthly *Geo*, started only three years ago, has been recognized as a model of modern magazine and direct marketing; it spread first to France and added a U.S. version.

Even the new electronic media no longer scare them. The magazine market has grown so specialized, with most gains in segments of high-level readership, that tv with its average consumer structure hardly poses a threat.

Besides, cable and satellite tv must still clear the hurdles of political approval. Chancellor Schmidt even wants to make the impact of news media on social policy into an issue for his 1980 election campaign. According to Chancellor Schmidt: "That might be a theme like Prof. Schiller's revaluation of the D-mark in 1969."

Let's hope it doesn't boomerang on the Chancellor. #

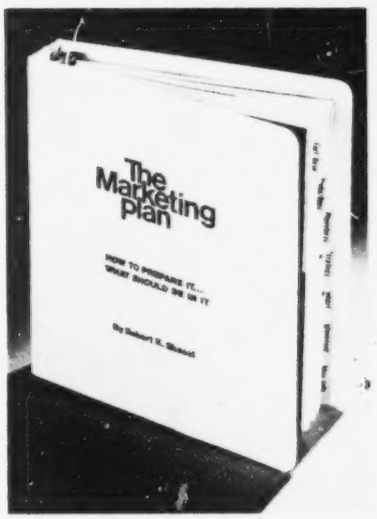
Marketing Plan Guidebook

Here, for the first time, is a manual devoted entirely to the process of preparing The Marketing Plan. It tells how to organize the Plan, what should be in it and how to write it.

Unlike heavy textbooks . . . this manual gets right to the point.

It guides the planner through the proper establishment of the current market situation . . . analysis of problems . . . recognition of opportunities and listing of objectives.

Explains the procedure for developing and analyzing strategies . . . forming a budget and providing management with a forecast.



64 pages; 8½ x 11 $24.95
Easy-to-use quality loose-leaf binder

MONEY BACK GUARANTEE

Order your copy today. Compare it with other marketing plan preparation manuals you may have seen. If you're not convinced that having this manual will help you prepare a better marketing plan, return it within 15 days postpaid and you money will be refunded.

MAIL THIS NO-RISK COUPON TODAY!

Mail to: CRAIN BOOKS / 740 Rush Street / Chicago, IL 60611

Please send me _____ copies of ***The Marketing Plan*** at $24.95 each.

☐ Enclosed is my check for $_____. Crain will pay shipping and handling charges. If not satisfied, I may return the book within 15 days and receive a prompt refund.

☐ Bill me later, including shipping and handling charges of $1 for one book and 50 cents for each additional book. If not satisfied, I may return the books within 15 days and you will cancel my invoice. (Illinois residents add 5% sales tax.)

CRAIN BOOKS

Name _____

Firm _____

Address _____

City _____ State _____ Zip _____

AA11129

U.S. far from top in most ad regulations

FRANKFURT—"Americans like to think of themselves as always being first and foremost in everything. But we have historically lagged behind the Europeans in areas of consumer policy and advertising regulations," according to Graham Molitor, president of the Maryland-based think tank, Public Policy Forecasting.

The countries to watch, he told a EurAm session, are Sweden and Norway, where most innovative legislation begins. Generally it is picked up by the United Kingdom and Germany, and makes its way to the U.S. with a time lag of six to eight years. "The world is a laboratory," he points out.

"Within the U.S., the same pattern can be traced. New jurisdiction comes out of New York and Dade County, Florida, and is picked up by California and Massachusetts, and from there filtered down to the other states."

Mr. Molitor was joined in his session on "Government, the Uninvited Partner" by moderator Dr. Eduard Grosse, chairman of Foote, Cone & Belding International; Keith Monk, manager of advertising and sales promotion services, Nestle, and Peter Gilow, J. Walter Thompson Co., Frankfurt. He demonstrated that patterns in consumer legislation can be anticipated; by the time the government arrives on the scene, there has usually been a long warning period.

■ "I have never seen any issue that didn't have a 20-year time frame before legislation," he said. For instance, the massive ban on cigaret and alcohol ads could have been predicted many years ago. Currently, Mr. Molitor's institute is monitoring 3,000 consumer issues not yet implemented by the U.S. Government.

Areas where warning signals are up, he says, include nutrients, vitamin requirements in food, foods high in fat (especially saturated fat), salt, sugar and alcohol. The whole junk food controversy he sees as having ominous implications for the food industry.

In Europe, he says, vitamin standards vary enormously from country to country. For example, requirements for Vitamin C in breakfast foods in England are 30mg, and in West Germany, 75mg.

He also pointed out that runaway technological capabilities make it possible to do a breakdown analysis on a product like coffee, to reveal an estimated 3,000 individual chemicals. The presence of just one of these chemicals could put coffee on the ban list in certain countries. According to Mr. Molitor, the coffee scenario demonstrates only too well the folly of zero tolerance prohibitions. "It's frightening," he says, "that almost any product now could be indicated for posing risks."

What can be done in the face of government's determination to become more obtrusive and eager to save us from all possible ills?

Mr. Molitor is none too optimistic about voluntary self regulation. Historically, he points out, it always gives way to government-mandated standards. His solution is to nip the problem in the bud by anticipating signals, reformulating products or developing new sources of supply.

■ A happier view of the situation came from Peter Gilow. "Why not invite the uninvited partner to join us?" said Mr. Gilow. His words were echoed by the European panelists, all of whom seemed to feel that if you can't beat 'em, join 'em.

Mr. Gilow proposed a three-point plan: (1) More organization to find out in advance what legislation is planned; (2) more cooperation between industries, agencies and media; and (3) more research to influence the government and get its cooperation.

In conclusion, Mr. Gilow said that very much the same approach had been used to convince the EEC to redraft certain consumer legislation. "We found out in Brussels that we could talk to each other." #

David says O&M ads can be laughing matter

The word has gone out from David Ogilvy to Ogilvy & Mather copywriters across the world: Humor is okay.

The grand old man of advertising, whose personal reputation for humor is hard to beat, revealed this major new switch in his ad thinking in the opening address to the 4th annual EurAm conference.

It is now one year since Mr. Ogilvy came out of retirement to head up the Ogilvy offices in Frankfurt. He only had to hop a cab to join the meet.

"Always in the past I've persecuted copywriters who wrote funny commercials," he told the audience," I used to have the awful ordeal of going to conventions and seeing the Y&R reel, all as funny as hell. Made the audience laugh, made the clients want to go to Y&R. And I wouldn't let our people do it. I said you may not be whores.

"But I always envied Y&R," he continued. "Thank God, now we can be funny, too. Our new research reveals that humor can be very effective if the humor is concentrated on the product."

Quickly discarding his red silk-lined coat—all the better to show off the red suspenders—David Ogilvy let 'em have it, as usual.

"Advertising as practiced today is inefficient—grossly, extravagantly, obscenely inefficient," he began. Among his bits of advice: "Don't be cute" in headlines. Put the brand name in the headline, put the promise in the headline, he urges.

"Avoid couples walking through woods, happy families at dinner, sunrises and sunsets. Every food manufacturer wants his commercial to show a family, preferably a very large one, eating huge tonnage of his product." This turns the viewer off, he says.

The most common crime in advertising—next to dullness—is to conceal the name of the product. Polls reveal the shocking numbers of consumers who cannot name the brand in commercials they've just seen. "Identify your brand in the first 10 seconds, repeat it time after time. Play games with it."

The wrong technique won't kill the really big idea, but the odds against people having a big idea are 999 to 1 because there are not many big ideas. "I've been in this trade for 30 years—written as much advertising as anyone alive. In 30 years I had nine big ideas. It's not many, is it? But it's more than most people."

November 'street' prices for spot tv on network affiliates

Average cost per household rating point for 30-second spot

Nielsen market rank	Prime time '79 vs. '78
1. New York	$362 (+ 4.9%)
2. Los Angeles	285 (+ 5.2%)
3. Chicago	192 (+ 3.2%)
4. Philadelphia	157 (+ 2.6%)
5. San Francisco	173 (+ 6.1%)
6. Boston	157 (+ 4.7%)
7. Detroit	119 (+ 4.4%)
8. Washington	103 (+ 3%)
9. Cleveland	73 (+ 7.4%)
10. Pittsburgh	79 (+ 1%)
11. Dallas	109 (+ 5.3%)
12. Houston	106 (+ 1.9%)
13. St. Louis	55 (+ 3.8%)
14. Minneapolis	77 (+13.2%)
15. Miami	98 (+ 3.2%)
16. Seattle	81 (+ 6.6%)
17. Atlanta	90 (+ 8.4%)
18. Tampa	73 (+ 0.0%)
19. Baltimore	78 (+ 8.3%)
20. Indianapolis	56 (+ 7.7%)

Market combinations at a glance — cpp

Ranked by market size	Prime time November	cpm
1-10	$1,700	$6.87
11-20	823	8.69
21-30	519	7.93
31-40	303	5.83
41-50	258	5.77

Source: Spot Quotations & Data, 950 Third Ave., New York 10022. Average cpps for a 30-second spot were determined from ad agency conventional buys on affiliates as of Oct. 27. Excluded are spots bought on a 52-week basis or calling for 150-plus gross rating points weekly. These averages are a yardstick and not a listing of the market's lowest prices. Ratings used are an Arbitron/-Nielsen average. These guides can be applied to 60s—200%, and 10s—50%. Percentage gain or loss over November, 1978, is shown in parentheses.

Henkel exec urges return to human approach

(Continued from Page 2)

he continued.

Advertisers should tell the public that the right to choose between products is a part of freedom, Dr. Sihler said. "Why not explain the correlation between advertising and growth and employment? Do we contrast often enough the socialist liberty 'to want' with the capitalist liberty 'to have?' If each advertiser gave an interview to the local paper or spoke before a school class or wrote a letter to a paper or called up an editor," he suggested, "this would mean a change. Furthermore, why shouldn't advertising agencies create advertising for advertising, media donate space and advertisers support the effort with additional funds?"

Picking up on Dr. Sihler's emphasis on social responsibility, Albert Brouwet, managing director of J. Walter Thompson, Brussels, told a luncheon gathering that public service advertising should bring about changes in traditional product advertising approaches.

Mr. Brouwet, who helped stage Europe's first conference on public service advertising two months ago in Brussels, said that with the growing need for communication in our society—which has certainly manifested itself in public service advertising—advertisers will have to think "public service" at the point of conceiving the product advertising.

"Can cigaret and alcohol advertisers continue to simply promote their products and ignore communications aimed at preventing or avoiding abuse of these products? Can advertisers of bicycles and motorbikes continue to simply advertise their products without promoting the creation of public infrastructure such as urban cycling paths and related facilities which maximize both the user's enjoyment and public benefit that these products can advance?" he posed. #

Spot tv sales sag seen

(Continued from Page 3)

ers face tougher and more expensive financing terms.

Without checking the record, Bud Hirsch, vp, NBC Spot Sales, had the impression over-all November retail sales on NBC owned tv stations are not down from last year, even with some local categories off. For example, auto dealership spending has fallen in California.

The quarter, he said, "will be no bonanza, but it looks comfortable," despite the fact that '79, like '78, did not produce the stimulus from substantial political spending and from NBC World Series telecasts.

There was a similar upbeat report from Jack Bonanni, vp-sales, ABC owned tv stations, who pointed to strong retail activity both from incumbent customers and from new ones being developed. As examples of lavish spenders, he mentioned Macy's in New York, and Marshall Field in Chicago.

A voice from the Midwest was less optimistic. Robert Schmidt, vp-general manager of KAYS-TV, Hays, Kan., said his national spot business in November and December is "very soft," with the first quarter outlook equally unpleasant. "I don't think it's based on network ratings," he said, "but I have to think it represents a certain amount of indecision by advertisers."

Compared to last year's prices, November SQAD prime estimates this year in the top 20 markets were up everywhere (modestly in most cases), except Tampa, where there was no change. The sharpest rise of 13.2% in Minneapolis Mr. Richfield attributed to marketplace activity generated by heavy promotion for a three-network affiliation switchover. (In passing, he said that NBC's improved evening rating position has tended to raise the average prime time fees for spot buyers.)

■ Atlanta, still profiting from superstation attention, was second highest in the this-November-*vs.*-last analysis with an 8.4% rise. Late news, in particular, looked strong in Atlanta with a $57 cpp, higher than the level for a number of larger markets. Indies are not included in the prime and day cpps for SQAD, but their costs are factored into estimates for the other day parts in these monthly reports.

Looking ahead to 1980 budgets, SQAD's planners' guide offers these forecasts for prime time 30s for the first and second quarter of next year: New York—$308 and $353; Los Angeles—$244 and $279; Chicago—$162 and $186 and Philadelphia—$139 and $159.

This guide for advertisers and agencies offers cpps projections for all day parts in 200 markets for the next six quarters. #

Index to Advertisers

Action Decal & Silk Screen 32
Ad Vantage Audio, Inc. 28
Advertising Age 83, 103, 111, 840
American Bar Association Journal 82
Apartment Life 6
Asahi Shimbun 20
Audubon Magazine 63
Axel Springer Publishing Group S13-S26
B&E International 62
Bacon's Publishing Company 71
Barron's 8
Bascom's Sugar House 12
Beemak Plastics 34
Bell's Scotch 32
Better Homes & Gardens 43-46, 79
The Bez Box 107
Broadcast Advertisers Reports, Inc. 78
Burda GmbH 89
Burda Publishers 52, 53, 54, 55, 56, 57
Burpee Seeds 20
Business Week International 31
Changing Times Magazine 104
Chemical Marketing Reporter 94
Chicago Sun-Times 77
Chief Executive Magazine 88, 90, 92
Paul Christy 72, 96, 109
Cite Services 88
Cordovan Publications 82
Cosmopolitan 35
Crain Books 47, S35
Creative Displays 95
Creatron Inc. 80
Cross Ruff Clearing House 92
Delta Airlines 80
Der Spiegel S13
Dilley Manufacturing Co. 36
Diversion Communications, Inc. 64-65
Downing Displays, Inc. 19
Dun's Review 17
Dynamic Graphics, Inc. 92
Executive Educator 84
FVW International S39
Forbes 81
Foster & Kleiser 28
Future 47
Game-Show Placements, Ltd. 42
Gardens For All 108
Geo 58
Graphic Calculator Company 40
Gross Advertising Service 12
Gruner & Jahr AG & Co. S29, S31
HK-TVB International Ltd. 50
Heilman Design Associates, Inc. 88
IC Publications 60
Idea Display Center 72, 94, 109
Inc. Magazine 57
Industrial Marketing 71
Jon Jagoda Associates 76
Kimberly Clark 90
Kordet Color Corp. 48
Leading National Advertisers 36
The Letter Doctor 92
McCall's 25
MEANS 49
Medical Record News 19
Charles Michelson, Inc. 34
Midwest Decalcomania Co. 24
Modern Healthcare 42, 48
National Dealers Service, Inc. 80
National Photocomposition Services, Inc. 6
National Technical Institute for the Deaf 87
National Underwriter Company 72
New England Journal of Medicine 107
New Shelter 24
New York Magazine 18
New York Times 29, 31, 33, 41
The New Yorker 89
Newsweek 3
Next Magazine 63
nuArc Company, Inc. 107
The Observer 34
Michael Pasternak 10
Penton IPC 112
People 14, 15
Perrygraf 75
Petersen Publishing Company 70AE-70DE
Picture-Pad 84
Playboy 7
President 62
Prime Time 82, 84, 90
Producers Color Service 109
RKO Radio Network 74-75
Reader's Digest 89
Reader's Digest International 87
Research Information Center, Inc. 76
Retail Reporting Bureau 28
River Bend Farms Inc. 108
Reach 94
Satire, Inc. 96
Scientific American S11, S12
Seventeen 91
Shopping Bag Billboard McDonald Marketing, Inc. 42
Smith's Fifth Avenue Agency, Inc. 76
Smithsonian Magazine 38-39
Sport Magazine 9
Stern Special USA '80 S5
Texas Business 96
Time 26-27
Timely Decisions, Inc. 66
Top Billing, Inc. 78
Travel Illustrated 69
UAMR Bi-Weekly Bulletin 20
US Magazine 22-23
U.S. Postal Service 48
Ventura Associates, Inc. 93
Venture Magazine 12
Vinylweld 74
Vision 59
Vogue 11
Vopan Marketing Research 4
WCVB-TV 24
WNCN 40
Wall Street Journal 18-19
Webcraft Converting Printers 32
Western Horseman 40
Westwood One 4
Wirtschafts Woche S33
Woodall Publishing Company 36, 107
Wordex Corporation 78
Worldwide Closeouts, Inc. 24
Yachting Magazine 66
Yankee Magazine 73
Ziff-Davis Magazine Network 86-87